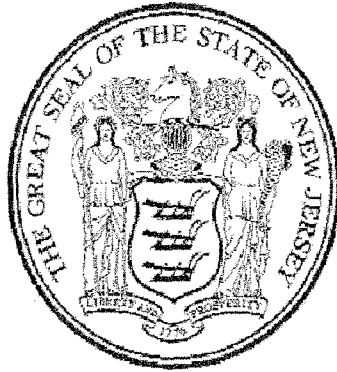


QUARTERLY REPORT

LICENSEE RESORTS INTERNATIONAL HOTEL, INC.

FOR THE QUARTER ENDED SEPTEMBER 30, 2004

**TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**



BALANCE SHEETS

AS OF SEPTEMBER 30, 2004 AND 2003

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	ASSETS		
	Current Assets:		
1	Cash and Cash Equivalents.....	\$ 18,931	\$ 17,992
2	Marketable securities (Short Tm. money market at cost).....	12,815	79,668
	Receivables and Patrons' Checks (Net of Allowance for		
3	Doubtful Accounts - 2004, \$1,677; 2003, \$3,746)..... Note 2.....	7,167	4,564
4	Inventories.....	1,980	1,427
5	Prepaid Expenses and Other Current Assets..... Note 3.....	7,363	9,397
6	Total Current Assets.....	48,256	113,048
7	Investments, Advances, and Receivables..... Note 4.....	11,168	12,544
8	Property and Equipment - Gross.....	281,862	195,133
9	Less: Accumulated Depreciation and Amortization.....	(32,605)	(20,420)
10	Property & Equipment - Net.....	249,257	174,713
11	Other Assets.....	7,196	8,429
12	Total Assets.....	\$ 315,877	\$ 308,734
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts Payable.....	\$ 5,640	\$ 5,739
14	Notes Payable.....	-	-
	Current Portion of Long-Term Debt:		
15	Due to Affiliates.....	-	-
16	Other.....	4,858	986
17	Income Taxes Payable and Accrued.....	859	3,314
18	Other Accrued Expenses..... Note 5.....	16,120	16,107
19	Other Current Liabilities..... Note 6.....	3,636	3,282
20	Total Current Liabilities.....	31,113	29,428
	Long-Term Debt:		
21	Due to Affiliates..... Note 7.....	176,970	176,481
22	Other..... Note 7.....	16,012	6,776
23	Deferred Credits.....	5,591	4,653
24	Other Liabilities.....	-	-
25	Commitments and Contingencies..... Note 1.....	-	-
26	Total Liabilities.....	229,686	217,338
27	Stockholders, Partners', or Proprietor's Equity.....	86,191	91,396
28	Total Liabilities and Stockholders' Equity.....	\$ 315,877	\$ 308,734

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	Revenue:		
1	Casino.....	\$ 193,064	\$ 183,252
2	Rooms.....	13,451	8,099
3	Food and Beverage.....	18,748	17,154
4	Other.....	6,848	4,980
5	Total Revenue.....	232,111	213,485
6	Less: Promotional Allowances.....	53,161	43,552
7	Net Revenue.....	178,950	169,933
	Costs and Expenses:		
8	Cost of Goods and Services.....	120,519	113,248
9	Selling, General, and Administrative.....	33,425	29,230
10	Provision for Doubtful Accounts.....	58	528
11	Total Costs and Expenses.....	154,002	143,006
12	Gross Operating Profit.....	24,948	26,927
13	Depreciation and Amortization.....	12,176	9,897
	Charges from Affiliates Other than Interest:		
14	Management Fees.....	-	-
15	Other.....	-	-
16	Income (Loss) from Operations.....	12,772	17,030
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates.....Note 8.....	(11,837)	(13,622)
18	Interest (Expense) - External.....	(442)	(233)
19	Investment Alternative Tax and Related Expense, Net of Amortization of \$0 and \$0 Respectively.....	(1,393)	2,394
20	Nonoperating Income (Expense) - net.....	1,549	823
21	Total Other Income (Expenses).....	(12,123)	(10,638)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	649	6,392
23	Provision (Credit) for Income Taxes.....	1,489	3,331
24	Income (Loss) Before Extraordinary Items.....	(840)	3,061
25	Extraordinary Items (net of income tax benefit).....	-	-
26	Net Income (Loss).....	\$ (840)	\$ 3,061

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

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STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	Revenue:		
1	Casino.....	\$ 75,360	\$ 64,220
2	Rooms.....	6,604	2,907
3	Food and Beverage.....	7,792	6,481
4	Other.....	2,206	1,924
5	Total Revenue.....	91,962	75,532
6	Less: Promotional Allowances.....	21,345	15,742
7	Net Revenue.....	70,617	59,790
	Costs and Expenses:		
8	Cost of Goods and Services.....	45,914	38,936
9	Selling, General, and Administrative.....	11,719	9,550
10	Provision for Doubtful Accounts.....	119	172
11	Total Costs and Expenses.....	57,752	48,658
12	Gross Operating Profit.....	12,865	11,132
13	Depreciation and Amortization.....	4,959	3,881
14	Charges from Affiliates Other than Interest:		
14	Management Fees.....	-	-
15	Other.....	-	-
16	Income (Loss) from Operations.....	7,906	7,251
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates.....	(5,301)	(4,186)
18	Interest (Expense) - External.....	(250)	(78)
19	Investment Alternative Tax and Related Expense, Net of Amortization of \$0 and \$0 Respectively.....	(314)	2,810
20	Nonoperating Income (Expense) - net.....	508	193
21	Total Other Income (Expenses).....	(5,357)	(1,261)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	2,549	5,990
23	Provision (Credit) for Income Taxes.....	1,321	2,488
24	Income (Loss) Before Extraordinary Items.....	1,228	3,502
25	Extraordinary Items (net of income tax benefit).....	-	-
26	Net Income (Loss).....	\$ 1,228	\$ 3,502

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: RESORTS INTERNATIONAL HOTEL, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003
AND THE NINE MONTHS ENDED SEPTEMBER 30, 2004

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated) (Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2002.....	1,000,000	\$ 1,000		\$	\$ 76,696		\$ 10,614	\$ 88,310
2	Net Income (Loss) - 2003.....							(1,256)	(1,256)
3	Contribution to Paid-in-Capital.....								-
4	Dividends.....								
5	Prior Period Adjustments.....								
6	Sale of Hedging Instrument.....								-
7	Changes in value of stock options granted to employees and consultants.....					(23)			(23)
8								
9								
10	Balance, December 31, 2003.....	1,000,000	1,000			76,673		9,358	87,031
11	Net Income (Loss) - 2004.....							(840)	(840)
12	Contribution to Paid-in -Capital.....								-
13	Dividends.....								-
14	Changes in value of stock options granted to employees and consultants.....								-
15								-
16								-
17								-
18								-
19	Balance, September 30, 2004.....	1,000,000	\$ 1,000		\$	\$ 76,673	\$	\$ 8,518	\$ 86,191

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
1	Net Cash Provided (Used) by Operating Activities.....	\$ 9,492	\$ 4,239
	Cash Flows From Investing Activities:		
2	Purchase of Short-Term Investment Securities.....	-	-
3	Proceeds from the Sale of Short-Term Investment Securities.....	-	-
4	Cash Outflows for Property and Equipment.....	(69,232)	(36,358)
5	Proceeds from Disposition of Property and Equipment.....	1,638	-
6	Purchase of Casino Reinvestment Obligations.....	(2,091)	(2,209)
7	Purchase of Other Investments and Loans/Advances made.....	-	-
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term receivables.....	-	-
9	Cash Outflows to Acquire Business Entities.....	-	-
10	CRDA Reimbursement.....	579	9,189
11		-	-
12	Net Cash Provided (Used) By Investing Activities.....	(69,106)	(29,378)
	Cash Flows From Financing Activities:		
13	Cash Proceeds from Issuance of Short-Term Debt.....	-	-
14	Payments to Settle Short-Term Debt.....	(1,919)	(744)
15	Cash Proceeds from Issuance of Long-Term Debt.....	14,661	645
16	Costs of Issuing Debt.....	(157)	(62)
17	Payments to Settle Long-Term Debt.....	-	-
18	Cash Proceeds from Issuing Stock or Capital Contributions.....	-	-
19	Purchases of Treasury Stock.....	-	-
20	Payments of Dividends or Capital Withdrawals.....	-	-
21	Other Financing Activities.....	-	-
22	Advances from (Repayment to) Parent Company and Affiliates.....	-	-
23	Net Cash Provided (Used) By Financing Activities.....	12,585	(161)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	(47,029)	(25,300)
25	Cash and Cash Equivalents at Beginning of Period.....	78,775	122,960
26	Cash and Cash Equivalents at End of Period.....	\$ 31,746	\$ 97,660

	Cash Paid During Period For:		
27	Interest (Net of Amount Capitalized).....	\$ 17,083	\$ 18,688
28	Income Taxes (Net of amounts refunded).....	\$ 1,038	\$ 50

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2004 (c)	2003 (d)
	Net Cash Flows From Operating Activities:		
29	Net Income.....	\$ (840)	\$ 3,061
	Noncash Items Included in Income and Cash Items		
	Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	9,677	7,486
31	Amortization of Other Assets.....	2,499	2,411
32	Amortization of Debt Discount or Premium.....	371	330
33	Deferred Income Taxes - Current.....	-	-
34	Deferred Income Taxes - Noncurrent.....	-	-
35	(Gain) Loss on Disposition of Property and Equipment.....	(1,148)	-
36	(Gain) Loss on Casino Reinvestment Obligations.....	1,393	(2,394)
37	(Gain) Loss from Other Investment Activities.....	-	-
	Net (Increase) Decrease in Receivables and Patrons'		
38	Checks	(1,992)	534
39	Net (Increase) Decrease in Inventories.....	(477)	(138)
40	Net Decrease (Increase) in Other Current Assets.....	(303)	(1,684)
41	Net Decrease (Increase) in Other Assets.....	365	(1,359)
42	Net Increase (Decrease) in Accounts Payable.....	2,250	176
	Net (Decrease) Increase in Other Current Liabilities		
43	Excluding Debt.....	(2,303)	(4,209)
	Net Increase (Decrease) in Other Noncurrent Liabilities		
44	Excluding Debt.....	-	25
45	Loss on extinguishment of debt.....	-	-
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ 9,492	\$ 4,239

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Acquisition of Property and Equipment:		
48	Additions to Property and Equipment.....	\$ (69,232)	\$ (36,358)
49	Less: Capital Lease Obligations incurred.....	-	-
50	Cash Outflows for Property and Equipment.....	\$ (69,232)	\$ (36,358)
	Acquisition of Business Entities:		
51	Property and Equipment Acquired.....	\$	\$
52	Goodwill Acquired.....		
53	Net Assets Acquired Other than Cash, Goodwill, and		
54	Property and Equipment.....		
54	Long-Term Debt Assumed.....		
55	Issuance of Stock or Capital Invested.....		
56	Cash Outflows to Acquire Business Entities.....	\$ -	\$ -
	Stock Issued or Capital Contributions:		
57	Total Issuances of Stock or Capital Contributions.....	\$ -	\$ -
58	Less: Issuances to Settle Long-Term Debt.....		
59	Consideration in Acquisition of Business Entities.....		
60	Cash Proceeds from Issuing Stock or Capital Contributions.....	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: RESORTS INTERNATIONAL HOTEL, INC.

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

AMENDED
12/2/04

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (in thousands) (d)	Number of Recipients (e)	Dollar Amount (in thousands) (f)
1	Rooms	125,831	\$ 10,347	418	\$ 77
2	Food	856,549	10,199	145	10
3	Beverage	376,767	2,147	-	-
4	Travel	-	-	12,811	1,393
5	Bus Program Cash	494,829	8,126	-	-
6	Other Cash Complimentaries	749,361	20,260	-	-
7	Entertainment	53,625	1,821	1,235	181
8	Retail & Non-Cash Gifts	7,297	145	1,504	328
9	Parking	-	-	-	-
10	Other	6,125	116	36,672	725 *
11	Total	2,670,384	\$ 53,161	52,785	\$ 2,714

* Included in Other Promotional Expenses for the nine months ended September 30, 2004 are tobacco complimentaries in the amount of \$204. No other single item or service included in other exceeds 5% of the column total.

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2004

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	57,348	\$ 4,695	83	\$ 22
2	Food	368,051	4,268	29	2
3	Beverage	145,216	873	-	-
4	Travel	-	-	4,975	466
5	Bus Program Cash	173,071	2,822	-	-
6	Other Cash Complimentaries	311,752	7,929	-	-
7	Entertainment	22,561	645	380	54
8	Retail & Non-Cash Gifts	2,600	64	403	92
9	Parking	-	-	-	-
10	Other	2,296	49	14,585	278 *
11	Total	1,082,895	\$ 21,345	20,455	\$ 914

* Included in Other Promotional Expenses for the three months ended September 30, 2004 are tobacco complimentaries in the amount of \$82. No other single item or service included in other exceeds 5% of the column total.

**RESORTS INTERNATIONAL HOTEL INC.
NOTES TO FINANCIAL STATEMENTS**

1. Basis of Presentation

Colony RIH Holdings, Inc., a Delaware corporation ("CRH"), owns 100% of the outstanding common stock of Resorts International Hotel and Casino, Inc., also a Delaware corporation ("RIHC"). CRH also owns 100% of the common stock of Resorts Real Estate Holdings, Inc. ("RREH"), a New Jersey corporation formed on April 1, 2003 to acquire certain land subject to an option agreement ("Option Agreement") between Kerzner International North America, Inc. ("KINA") and RIHC. RIHC, through its wholly-owned subsidiary, Resorts International Hotel, Inc., a New Jersey corporation ("RIH" or the "Company"), owns and operates Resorts Atlantic City, a casino/hotel located in Atlantic City, NJ.

On March 22, 2002, RIHC sold \$180.0 million aggregate principal amount of 11½% first mortgage notes (the "First Mortgage Notes") (see Note 7, "Long-Term Debt"). Concurrent with the sale of the First Mortgage Notes, CRH issued class A common stock and class B common stock to its existing shareholders for a total price of approximately \$35.0 million. The proceeds from the sale of the First Mortgage Notes and issuance of stock were used to retire existing debt and to finance the cost to develop, construct and equip a new hotel tower (the "Hotel Expansion Project"). As of September 30, 2004, the proceeds from the sale of the First Mortgage Notes deposited in the construction disbursement account to help finance new development have been depleted. Additionally, \$10.0 million of the proceeds from the issuance of stock were deposited in a liquidity disbursement account to be used for working capital in the event that RIH's Adjusted Consolidated EBITDA, as defined in the First Mortgage Notes Indenture, for any four fiscal quarters ending on or prior to December 31, 2004, is less than \$28 million. At the end of the measurement period referred to in the previous sentence, RIHC will be permitted to secure a release of any unutilized amount in the liquidity disbursement account for use in its business or to fund a dividend to CRH to return such unutilized amount to CRH's stockholders. At June 30, 2004, RIHC's EBITDA, as defined in the First Mortgage Notes Indenture (the "Indenture"), was approximately \$27.7 million leading RIHC to request disbursement of approximately \$300,000 from the liquidity disbursement account. At September 30, 2004, RIHC's EBITDA, as defined in the Indenture, exceeded \$28 million, thus no further disbursement from the liquidity disbursement account was required.

As of September 30, 2004, the balance in the liquidity disbursement account is considered a restricted cash investment under the terms of the debt offering, and is included in Marketable Securities on the accompanying balance sheet.

The accompanying financial statements have been prepared in accordance with the rules and regulations of the New Jersey Casino Control Commission (the "Commission") for Quarterly Reports. Accordingly, they do not include the information and footnotes required by generally accepted accounting principals for complete financial statements.

These accompanying financial statements are unaudited. In the opinion of management, all adjustments, consisting of normal recurring accruals considered necessary for fair presentation have been included. The casino industry is seasonal in nature; accordingly, operating results for the three month and nine month periods ended September 30, 2004, are not necessarily indicative of the results that may be expected for the year ended December 31, 2004.

These financial statements should be read in conjunction with the financial statements and notes thereto included in RIH's Quarterly Report for the quarter ended December 31, 2003, as filed with the Commission.

2. Receivables

Components of receivables were as follows at September 30 (in thousands):

	2004	2003
Gaming.....	\$ 6,102	\$ 7,342
Less: allowance for doubtful accounts.....	(1,645)	(3,705)
	<u>4,457</u>	<u>3,637</u>
Non-gaming:		
Hotel and related.....	639	248
Other.....	2,103	720
	<u>2,742</u>	<u>968</u>
Less: allowance for doubtful accounts.....	(32)	(41)
	<u>2,710</u>	<u>927</u>
Receivables, net.....	<u>\$ 7,167</u>	<u>\$ 4,564</u>

3. Prepaid Expenses and Other Current Assets

Components of prepaid expenses and other current assets were as follows at September 30 (in thousands):

	2004	2003
Current portion deferred income taxes.....	\$ 4,294	\$ 4,373
Other.....	3,069	5,024
	<u>\$ 7,363</u>	<u>\$ 9,397</u>

4. Investments, Advances and Receivables

Components of investments, advances and receivables were as follows at September 30 (in thousands):

	2004	2003
CRDA bonds and direct investments.....	\$ 13,443	\$ 15,653
CRDA deposits.....	6,194	5,191
Valuation allowance.....	(8,469)	(8,300)
	<u>\$ 11,168</u>	<u>\$ 12,544</u>

The New Jersey Casino Control Act, as amended, requires RIH to purchase bonds issued by the Casino Reinvestment Development Authority (the "CRDA") or make other investments authorized by the CRDA, in an amount equal to 1.25% of RIH's gross gaming revenue, as defined.

The CRDA bonds have interest rates ranging from 3.5% to 7.0% and have repayment terms of between 20 and 50 years. The Company records charges to expense to reflect the below-market interest rate payable on the bonds it may have to purchase to fulfill its investment obligation at the date the obligation arises. The charge for the nine months ended September 30, 2004 for discounts on obligations was \$1.4 million while RIH had a credit of \$2.4 million for the same period of 2003. Discounts on obligations for the three months ended September 30, 2004 was \$314,000, while in the same period for 2003, RIH had a credit of \$2.8 million.

From time to time RIH has donated certain funds it has had on deposit with the CRDA in return for either relief from its obligation to purchase CRDA bonds or credits against future CRDA deposits. The majority of the Company's deposits have been pledged for specific projects.

5. Other Accrued Expenses

Components of other accrued expenses were as follows at September 30 (in thousands):

	2004	2003
Insurance and related costs.....	\$ 2,063	\$ 1,739
Payroll and related liabilities.....	7,455	8,186
Gaming taxes and fees.....	2,662	2,795
Other.....	3,940	3,387
	<u>\$ 16,120</u>	<u>\$ 16,107</u>

6. Other Current Liabilities

Components of other current liabilities were as follows at September 30 (in thousands):

	2004	2003
Interest Payable.....	\$ 877	\$ 863
Other.....	2,759	2,419
	<u>\$ 3,636</u>	<u>\$ 3,282</u>

7. Long-Term Debt

Due to Affiliates

On March 22, 2002, RIHC sold \$180.0 million aggregate principal amount of First Mortgage Notes at a price of 97.686% yielding \$175.8 million. Interest on the First Mortgage Notes is payable on March 15 and September 15 of each year, and the First Mortgage Notes are due in full on March 15, 2009. In conjunction with the issuance of the First Mortgage Notes, RIHC issued a note to RIH with terms that mirror those of the First Mortgage Notes.

The First Mortgage Notes contain certain covenants that, among other things, limit RIHC's ability and the ability of its subsidiaries to pay dividends on, redeem or repurchase its or their capital stock, make investments, incur additional indebtedness, permit payment of or restrict dividends by certain of its subsidiaries, enter into sale leaseback transactions, sell assets, guarantee indebtedness, create certain liens, engage in transactions with affiliates, and consolidate, merge or transfer all or substantially all its assets and the assets of its subsidiaries on a consolidated basis.

In connection with the construction of the Hotel Expansion Project, the Company has capitalized interest of \$8.1 million since the commencement of the project, of which \$4.1 million was capitalized during the nine months ended September 30, 2004. The Company ceased capitalization of interest during the second quarter of 2004, as the Hotel Expansion Project was ready for its intended use.

Other

Other long-term debt is summarized as follows at September 30 (in thousands):

	2004	2003
Thermal Agreement.....	\$ 6,343	\$ 6,502
CIT Facility	13,927	1,260
Other.....	600	0
	<u>20,870</u>	<u>7,762</u>
Less: current portion.....	4,858	986
	<u>\$ 16,012</u>	<u>\$ 6,776</u>

On June 16, 2002, RIH entered into a Thermal Energy Services Agreement (the "Thermal Agreement"). The initial term of the Thermal Agreement is 20 years, renewable at RIH's option for two additional five year terms. The Agreement has three components: a monthly charge for operation and maintenance of the thermal energy facilities; a capital lease component for capital improvements whose value was estimated at \$6.5 million on the date the Thermal Agreement was executed, and; a usage fee for steam and chilled water, whose usage and rate will vary by month of the year. The outstanding balance of the capital lease was \$6.3 million at September 30, 2004.

In June 2002, RIH entered into a Restated Loan and Security Agreement with CIT Group/Equipment Financing, Inc ("CIT Facility"). The CIT Facility permits RIH to borrow up to \$20 million for the purchase of machinery, furniture, or equipment. Loans pursuant to the CIT Facility are repayable in up to a sixty-month amortization period from the date the loan is made. Outstanding loans bear interest at the rate of LIBOR plus three and one-half percent. RIH is required to pay an annual fee equal to one-half percent of the unused portion of the CIT Facility. The outstanding balance due to CIT at September 30, 2004 was \$13.9 million.

In November 2002, RIH entered into a Loan and Security Agreement with Commerce Bank, N.A ("Commerce Facility"). The Commerce Facility provides for working capital borrowings and letters of credit up to \$10 million. The Commerce Facility expires on June 30, 2005. There was no outstanding balance on the Commerce Facility at September 30, 2004; however, there have been \$4.4 million in standby letters of credit issued, leaving an availability of \$5.6 million as of September 30, 2004.

In January 2004, CRH announced that it had reached agreement with KINA to acquire the Option Land, subject to the approval of the New Jersey Casino Control Commission, which approval was received on March 17, 2004. Following the approval, the Option Land was acquired by RREH on March 18, 2004 in exchange for the issuance of a \$40 million note by RREH to KINA. No principal payments are required on the \$40 million note until it reaches maturity. The note payable to KINA is guaranteed by CRH, RIHC and RIH, provided, however that the guarantee of RIHC and RIH does not become effective until either the First Mortgage Notes have been paid in full or the fixed charge coverage ratio (the ratio of Consolidated EBITDA to Fixed Charges, all as further defined in the First Mortgage Notes Indenture) of RIHC is at least 2.0 to 1.0. In addition, the amount guaranteed is initially limited to \$20 million increasing by \$5 million each year.

In the second quarter of 2004, RIH completed a like-kind exchange of its warehouse for a new warehouse facility. The transaction included the receipt of approximately \$1.2 million from the sale of the old warehouse, the proceeds of which were combined with a \$600,000 note (the "Warehouse Note") to purchase the new facility. The Warehouse Note has an interest rate of 6%, with fixed payments of principal and interest due in December 2004, February 2005 and February 2006.

8. Related Party Transactions

RIH recorded the following expenses from affiliates for the nine months ended September 30 (in thousands):

	2004	2003
Interest and amortization of discounts on First Mortgage Notes.....	\$ 15,896	\$ 15,855
Interest expense on hedging instruments	1	12
Less: capitalized interest.....	(4,060)	(2,245)
	<u>\$ 11,837</u>	<u>\$ 13,622</u>

9. Income Taxes

The benefit for income taxes for the three and nine months ended September 30, 2004, is different than the amount computed at the United States statutory rate due to certain non-deductible items and state income taxes, which are calculated under an alternative minimum assessment of a percentage of gross revenues.

On June 30, 2003, the State of New Jersey amended the Casino Control Act, effective July 1, 2003, to impose or increase certain taxes and fees, including a tax at the rate of 7.5% on the adjusted net income of casino licenses in calendar year 2002, payable in the state's fiscal years 2004 through 2006. The amount of this tax for each licensee is limited to a maximum of \$10.0 million annually and a minimum of \$350,000 annually. For the nine months ended September 30, 2004 and 2003, the Company recorded provisions of \$263,000 and \$88,000 for this tax, respectively. The Company recorded provisions of \$88,000 for the three months ended September 30, 2004 and 2003, respectively.

On July 3, 2002, the State of New Jersey passed the New Jersey Business Tax Reform Act which, among other things, requires the suspension of the use of the New Jersey net operating loss carryforwards for two years and the introduction of a new alternative minimum amount under the New Jersey corporate business tax based on gross receipts or gross profits, as defined. This tax was retroactive to January 1, 2002. In accordance with this tax act, the Company recorded provisions for current state income tax of \$721,000 and \$685,000, net of federal benefits, for the nine months ended September 30, 2004 and 2003, respectively. For the three months ended September 30, 2004, and 2003, the Company recorded provisions of \$284,000 and \$241,000, respectively.

STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during this year.



Signature

Senior Vice President of
Finance and Chief Financial Officer

Title

008227-11

License Number

On Behalf Of:
RESORTS INTERNATIONAL HOTEL, INC.
Casino Licensee